

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Schoolcraft County Housing Commission	County Schoolcraft
Audit Date 3/31/04	Opinion Date 12/9/04	Date Accountant Report Submitted to State: 12/16/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC			
Street Address Po Box 828		City Iron Mountain	State MI
Accountant Signature 		ZIP 49801	Date 12-16-04

SCHOOLCRAFT COUNTY HOUSING COMMISSION

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

SCHOOLCRAFT COUNTY HOUSING COMMISSION

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

Principals - Iron Mountain:
L. Robert Schaut, CPA
David J. Johnson, CPA
Shane M. Ellison, CPA

Member of:
Private Companies Practice Section
American Institute of Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Schoolcraft County Housing Commission
Manistique, Michigan

We have audited the accompanying general purpose financial statements of Schoolcraft County Housing Commission ("Commission") as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Commissioners and management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Schoolcraft County Housing Commission as of March 31, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated December 9, 2004, on our consideration of Schoolcraft County Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Financial Data Schedule listed in the table of contents is presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Schoolcraft County Housing Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants

Schoolcraft County, Michigan
December 9, 2004

SCHOOLCRAFT COUNTY HOUSING COMMISSION
- ENTERPRISE FUND

BALANCE SHEET

March 31, 2004

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 114,951
Accounts receivable	26,128
Investments	92,624
Prepaid expenses	10,443
Interprogram due from	41,686
	<hr/>
TOTAL CURRENT ASSETS	285,832

FIXED ASSETS:

Land and improvements	350,983
Buildings	2,694,152
Equipment	159,045
	<hr/>
	3,204,180
Less accumulated depreciation	(1,621,960)
	<hr/>
NET FIXED ASSETS	1,582,220
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TOTAL ASSETS	\$ 1,868,052

LIABILITIES AND EQUITY

LIABILITIES:

Accounts payable	\$ 11,119
Accrued liabilities	41,827
Interprogram due to	41,686
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TOTAL CURRENT LIABILITIES	94,632

OTHER LIABILITIES

TOTAL LIABILITIES	98,630
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EQUITY:

Contributed capital - net of accumulated depreciation	1,306,164
Retained earnings - unreserved	463,258
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TOTAL EQUITY	1,769,422
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TOTAL LIABILITIES AND EQUITY	\$ 1,868,052

The accompanying notes to financial statements are an integral part of this statement.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
- ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS

For the Year Ended March 31, 2004

OPERATING REVENUES:

Tenant revenue	\$ 160,245
Program grants-subsidies	216,970
Fraud Recovery	<u>692</u>

TOTAL OPERATING REVENUES	<u>377,907</u>
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OPERATING EXPENSES:

Administration	78,922
Tenant services	1,536
Utilities	60,139
Maintenance	104,564
General	20,880
Housing assistance payments	82,681
Depreciation	131,835
Extraordinary maintenance	<u>3,432</u>

TOTAL OPERATING EXPENSES	<u>483,989</u>
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OPERATING (LOSS)	<u>(106,082)</u>
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OTHER INCOME (EXPENSES):

Interest income	2,797
Other income	<u>1,507</u>

TOTAL OTHER INCOME (EXPENSES)	<u>4,304</u>
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NET (LOSS)	(101,778)
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ADD:

Depreciation on assets acquired with contributed capital	92,180
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RETAINED EARNINGS, BEGINNING OF PERIOD	<u>472,856</u>
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RETAINED EARNINGS, END OF PERIOD	<u><u>\$ 463,258</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net (loss)	\$ (101,778)
Adjustments to reconcile operating income to net cash provided from operating activities:	
Depreciation	131,835
Change in assets and liabilities:	
(Increase) Decrease:	
Accounts receivable	(14,022)
Prepaid expenses	788
Inventory	297
Other assets	(34,937)
Increase (Decrease):	
Accounts payable	(9,620)
Accrued liabilities	10,553
Other liabilities	33,669

NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>16,785</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(38,727)</u>
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NET CASH (USED) BY INVESTING ACTIVITIES	<u>(38,727)</u>
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NET (DECREASE) IN CASH	(21,942)
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CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>136,893</u>
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CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 114,951</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

The Schoolcraft County Housing Commission (Commission) was formed under the criteria established for low income housing programs by the United States Department of Housing and Urban Development. The Commission operates under a board of commissioners appointed by the City Council.

It is the Commissions policy to apply accounting principles generally accepted in the United States of America to present fairly its financial position, results of operations, and cash flows. The significant accounting policies utilized by the Commission are described below:

- A. Reporting Entity- In evaluating how to define the Commission, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic -but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Commission and/or its constituents, or whether the activity is conducted within the geographic boundaries of the Commission and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Commission is able to exercise oversight responsibilities.

Based upon the application of these criteria, the general purpose financial statements of the Schoolcraft County Housing Commission contain all the funds and account groups controlled by the Commission's Board of Commissioners as no other entity meets the criteria to be considered a component unit of the Commission nor is the Commission a component unit of another entity.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

- B. Fund Accounting - The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Commission functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following fund is used by the Commission:

Proprietary fund

Enterprise fund. To account for operations (1) that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Commission elects to apply FASB pronouncements issued on or after November 30, 1989 unless they conflict with or contradict GASB pronouncements.

- C. Basis of Accounting - The accrual basis of accounting is used by the proprietary fund. Under this method, revenues are recorded when earned. Expenditures are recorded when the related fund liability is incurred.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

(Continued)

- D. Budgets – Budgets are adopted on a basis prescribed or permitted by the Department of Housing and Urban Development. All annual appropriations lapse at fiscal year end. The Commission follows these procedures in establishing the budgetary date reflected in the financial statements:
1. The Director submits to the Board a proposed operating budget for the fiscal year commencing on April 1st. The operating budget includes proposed expenses and the means of financing them. Prior to March 31st, the budget is legally adopted by Board resolution.
 2. Formal budgetary integration is employed as a management control device during the year.
 3. The budget has been amended. Supplemental appropriations were made during the year with the last one approved prior to March 31st.
- E. Cash and Equivalents - Cash and equivalents consist of cash in checking and saving accounts and cash on hand. For purposes of the statement of cash flows, the Commission considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.
- F. Investments – Investments are stated at fair market value.
- G. Prepaid Expenditures - Prepaid expenditures, such as insurance premiums, which are expected to be written off within the next fiscal year are included in net current assets. Reported expenditures are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

H. Fixed Assets - Fixed assets are stated at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Depreciation is recorded in the proprietary fund using the straight-line method over the following years:

Building & improvements	10-40 years
Equipment	5-10 years

Depreciation expense for the year ended March 31, 2004 was \$131,835.

I. Interprogram Receivables and Payables – The current portion of lending/borrowing arrangements between programs are identified as “due to/from other programs”. The non-current portion of outstanding balances between programs are reported as “transfers to/from other programs”.

J. Compensated Absences - Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a liability.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

- K. Equity - The retained earnings unreserved represents the amounts available for budgeting future operations. The financial statements include the Proprietary Fund with a cumulative fund balance at March 31, 2004 of \$463,258.

The contributed capital represents the contributions which were contributed to the Commission. They were recorded at their fair market values at the time of the contribution. The amounts are summarized as follows:

Balance, April 1, 2003	\$1,398,344
Deduct: Depreciation on fixed assets acquired with contributed capital	<u>(92,180)</u>
BALANCE, MARCH 31, 2004	<u>\$1,306,164</u>

NOTE B - CASH & INVESTMENTS - CREDIT RISK

Cash and investments consisted of interest bearing cash and investment accounts and were in accordance with State of Michigan statutes. Those statutes do not mandate that accounts be partially or fully insured or collateralized. However, the U. S. Department of Housing and Urban Development (HUD) requires that all funds be fully collateralized in excess of the insured amount.

Statutory authority:

Michigan law (Act 196 PA 1997) authorizes the Housing Commission to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE B –CASH & INVESTMENTS – CREDIT RISK(Continued)

- d. Repurchase agreements consisting of instruments listed in a.
- e. Bankers' acceptance of United States Banks.
- f. Obligations of this State or any of its political subdivisions at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-4 to 80a-64, with the authority to purchase investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Cash and investments are classified as to credit risk by the following three categories.

Category 1 - Insured or registered, or securities held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by it's trust department or agent but not in the Commission's name.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE B –CASH & INVESTMENTS – CREDIT RISK(Continued)

The Commission's cash and investments are categorized as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>	<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>	<u>Value</u>	<u>Balance</u>
Checking accounts	\$114,951	\$ -	\$ -	\$114,951	\$ -	\$ 116,553
Certificates of deposit	<u>92,624</u>	<u>-</u>	<u>-</u>	<u>92,624</u>	<u>92,624</u>	<u>92,624</u>
	<u>\$207,575</u>	<u>\$ -</u>	<u>-</u>	<u>\$207,575</u>	<u>\$ 92,624</u>	<u>\$ 209,177</u>
Cash and Equivalents	\$114,951					
Investments	<u>92,624</u>					
Total cash and investments	<u>\$207,575</u>					

The Commission held cash and investments in excess of FDIC insurance limits in the amount of \$98,580 at March 31, 2004.

NOTE C - FIXED ASSETS

	<u>Balance</u>			<u>Balance</u>
	<u>4-1-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>3-31-04</u>
Land and improvements	\$ 350,983	\$ -	\$ -	\$ 350,983
Building & improvements	2,661,928	32,224	-	2,694,152
Equipment	150,559	24,797	(16,311)	159,045
Construction in progress	<u>18,293</u>	<u>38,431</u>	<u>(56,724)</u>	<u>-</u>
Total fixed assets	<u>\$3,181,763</u>	<u>\$ 95,452</u>	<u>\$ (73,035)</u>	<u>\$3,204,180</u>

NOTE D - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SCHOOLCRAFT COUNTY HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE E– PENSION PLAN

The Commission has established a pension plan of which the commission contributes a percentage of qualified wages. To be eligible, an employee must have twelve continuous months of service. The Commission contributions to the Plan during the year amounted to \$10,701.

NOTE F – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Commission is dependent upon the Department of Housing and Urban Development (HUD) to fund it's operations through operating subsidies and capital funding grants. Total operating revenues for the year ended March 31, 2004 totaled \$377,907 of which \$216,970 or 57% was from HUD subsidies and grants.

The operations of the project are subject to rules and regulations of HUD. These rules and regulations are subject to change. Such changes may occur with short notice and could create a lack of funding to pay for operational related costs, including the additional administrative burden to comply with the changes.

SUPPLEMENTARY DATA

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
ASSETS:					
CURRENT ASSETS:					
Cash:					
111	Cash - unrestricted	\$ 43,393	\$ 71,558	-	\$ 114,951
100	Total cash	43,393	71,558	-	114,951
Accounts and notes receivables:					
122	Accounts receivable- HUD Other Projects	-	-	24,500	24,500
126	Accounts receivable- tenants - dwelling rents	437	-	-	437
129	Accrued interest receivable	1,191	-	-	1,191
120	Total receivables, net of allowances for doubtful accounts	1,628	-	24,500	26,128
Current investments					
131	Investments - unrestricted	92,624	-	-	92,624
142	Prepaid expenses and other assets	10,443	-	-	10,443
144	Interprogram due from	41,686	-	-	41,686
150	TOTAL CURRENT ASSETS	189,774	71,558	24,500	285,832
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	42,876	-	-	42,876

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
162	Buildings	2,661,928	-	32,224	2,694,152
163	Furniture, equipment & machinery - dwelling	45,060	-	21,012	66,072
164	Furniture, equipment & machinery - administration	67,600	-	25,373	92,973
165	Leasehold improvements	308,107	-	-	308,107
166	Accumulated depreciation	(1,613,474)	-	(8,486)	(1,621,960)
160	Total fixed assets, net of accumulated depreciation	1,512,097	-	70,123	1,582,220
180	TOTAL NONCURRENT ASSETS	1,512,097	-	70,123	1,582,220
190	TOTAL ASSETS	\$ 1,701,871	\$ 71,558	\$ 94,623	\$ 1,868,052
LIABILITIES AND EQUITY:					
LIABILITIES:					
CURRENT LIABILITIES					
312	Accounts payable ≤ 90 days	\$ 11,033	\$ 86	\$ -	\$ 11,119
321	Accrued wages/payroll taxes payable	6,253	-	-	6,253
322	Accrued wages/payroll taxes payable	14,948	1,347	-	16,295
331	Accounts Payable - HUD PHA Programs	-	8,331	-	8,331
333	Accounts payable - other government	6,968	-	-	6,968
341	Tenant security deposits	3,229	-	-	3,229
342	Deferred revenues	751	-	-	751
347	Interprogram due to	-	17,186	24,500	41,686
310	TOTAL CURRENT LIABILITIES	43,182	26,950	24,500	94,632

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
354	Accrued compensated absences - non current	3,459	539	-	3,998
350	TOTAL NONCURRENT LIABILITIES	3,459	539	-	3,998
300	TOTAL LIABILITIES	46,641	27,489	24,500	98,630
EQUITY:					
Contributed Capital:					
504	Net HUD PHA contributions	1,306,164	-	-	1,306,164
508	Total contributed capital	1,306,164	-	-	1,306,164
Reserved fund balance:					
512	Undesignated fund balance/retained earnings	349,066	44,069	70,123	463,258
513	TOTAL EQUITY	1,655,230	44,069	70,123	1,769,422
600	TOTAL LIABILITIES AND EQUITY	\$ 1,701,871	\$ 71,558	\$ 94,623	\$ 1,868,052

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
REVENUE:					
703	Net tenant rental revenue	\$ 147,885	\$ -	\$ -	\$ 147,885
704	Tenant revenue - other	12,360	-	-	12,360
705	Total tenant revenue	160,245	-	-	160,245
706	HUD PHA grants	79,268	99,271	-	178,539
706.1	Capital grants	-	-	38,431	38,431
711	Investment income - unrestricted	2,744	53	-	2,797
714	Fraud Recovery	-	692	-	692
715	Other revenue	1,507	-	-	1,507
700	TOTAL REVENUE	243,764	100,016	38,431	382,211
EXPENSES:					
Administrative					
911	Administrative salaries	35,443	8,551	-	43,994
912	Auditing fees	2,200	400	-	2,600
914	Compensated absences	794	(643)	-	151
915	Employee benefit contributions- administrative	16,774	3,810	-	20,584
916	Other operating- administrative	9,110	2,483	-	11,593
	Total Administrative	64,321	14,601	-	78,922

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
Tenant services					
924	Tenant services - other	1,536	-	-	1,536
	Total Tenant services	1,536	-	-	1,536
Utilities					
931	Water	19,086	-	-	19,086
932	Electricity	11,526	-	-	11,526
933	Gas	19,164	-	-	19,164
934	Fuel	10,363	-	-	10,363
	Total Utilities	60,139	-	-	60,139
Maintenance					
941	Ordinary maintenance and operations - labor	43,002	-	-	43,002
942	Ordinary maintenance and operations - materials & other	9,364	-	-	9,364
943	Ordinary maintenance and operations - contract costs	29,105	-	-	29,105
945	Employee benefit contributions- ordinary maintenance	23,093	-	-	23,093
	Total Maintenance	104,564	-	-	104,564

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

<u>Line Item #</u>	<u>Account Description</u>	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>TOTAL</u>
General expenses					
961	Insurance premiums	13,454	-	-	13,454
962	Other general expenses	-	459	-	459
963	Payments in lieu of taxes	6,967	-	-	6,967
	Total General Expenses	20,421	459	-	20,880
969	TOTAL OPERATING EXPENSES	250,981	15,060	-	266,041
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(7,217)	84,956	38,431	116,170
971	Extraordinary maintenance	3,432	-	-	3,432
973	Housing assistance payments	-	82,681	-	82,681
974	Depreciation expense	124,392	-	7,443	131,835
900	TOTAL EXPENSES	378,805	97,741	7,443	483,989

See accompanying notes to financial statements

SCHOOLCRAFT COUNTY HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

<u>Line Item #</u>	<u>Account Description</u>	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>TOTAL</u>
	1000 EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	\$ (135,041)	\$ 2,275	\$ 30,988	\$ (101,778)
MEMO account information					
1103	Beginning equity	1,790,271	41,794	39,135	1,871,200
1112	Depreciation "add back"	92,179	-	-	92,179
1113	Maximum Annual Contributions Commitment (Per ACC)	-	104,807	-	104,807
1115	Contingency Reserve, ACC Program Reserve	-	7,575	-	7,575
1116	Total Annual Contributions Available	-	112,382	-	112,382
1120	Unit months available	768	420	-	1,188
1121	Number of unit months leased	765	415	-	1,180

See accompanying notes to financial statements

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH “GOVERNMENT AUDITING STANDARDS”**

Board of Commissioners
Schoolcraft County Housing Commission
Manistique, Michigan

We have audited the general purpose financial statements of the Schoolcraft County Housing Commission as of and for the year ended March 31, 2004, and have issued our report thereon dated December 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “*Government Auditing Standards*”, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Schoolcraft County Housing Commission’s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under “*Government Auditing Standards*”.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Schoolcraft County Housing Commission’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants

Iron Mountain, Michigan
December 9, 2004